

**SPECIAL COUNCIL MEETING
CITY OF WATERTOWN
April 5, 2004
8:00 A.M.**

MAYOR JEFFREY A GRAHAM PRESIDING

PRESENT: **COUNCILMAN STEPHEN J. BRADLEY
COUNCILWOMAN ROXANNE M. BURNS
COUNCILMAN PETER L. CLOUGH
COUNCILMAN TIMOTHY R. LABOUF
MAYOR GRAHAM**

ALSO PRESENT: **CITY MANAGER MARY M. CORRIVEAU**

This meeting was held with members of the Jefferson County Legislature in the Conference Room of the Jefferson County Planning Department.

County Representatives Present: Chairman Robert Thomas, Vice-Chair Robert Boice, Legislators Philip Reed, Kenneth Blankenbush, Kent Burto, James Mabywaniec, Michael Behling, Carolyn Fitzpatrick, Jennie Adsit and James St. Croix. County Administrator Robert Hagemann was also present.

Chairman Robert Thomas opened the meeting reading from a prepared statement indicating that this meeting is being held to submit a proposal, not necessarily to negotiate.

Legislator Burto, Chair of the Finance & Rules Committee, stated that it was their intent to take the original proposal back and to advance a plan to supersede it. The plan would give 50% to the County, 22.5% to the City with the Towns and Villages dividing the balance of 27.5%. He also commented that the County proposed to give the City relief on the airport with a dollar amount to be arrived at between administrations. He asked that a resolution be adopted at this evening's City Council meeting approving the new proposal.

Mayor Graham responded that the Chair had said that there would be no negotiations today. However, back in 1969 when the County raised the tax from 2% to 3%, the minutes reflect the fact that the County requested the City to enter into negotiations. There have been no negotiations this time. The basis for the current distribution is a bi-lateral agreement. Bi-lateral implies negotiations. He also commented that it is public dollars that we are talking about. He referred to the article in this morning's paper concerning Alexandria Bay and the need to raise their tax levy by 17%. He stated that he feels the process done on the sales tax issue put the cart before the horse, as there should have been a reaching out for negotiations. Mayor Graham remarked that he appreciated Mr. Burto's offer to take over the airport.

Legislator Burto responded that he said that the County would offset the cost. It didn't mean that the County would be the owner of the airport.

Mayor Graham remarked that the stated need for the 1969 agreement was for medical assistance payments. This proposal will allow the County to have two or three years of no tax increases. However, it will force the towns and villages to increase property taxes and there is a point where it will break the camel's back.

Legislator Burto responded that this proposal is with \$1.2 million to the City and \$1.2 million to the towns and villages. He stated that we are all one and that Medicaid has been the driving force behind this 1 % increase.

Chairman Thomas remarked that we all realize that something has to be done and the options available are sales tax, property tax and cutting services. No one can afford to cut services. Taxes aren't going to go down until the economy is better.

Legislator Burto commented that this issue has been very partisan and the County Legislature has gone a long way to make some concession to the City.

Chairman Thomas remarked most people want to have a raise in sales tax instead of in property taxes.

Councilman Clough asked about the \$1.2 million figure. It was explained that \$744,00 would be in sales tax while the rest would involve monies for the airport about approximately \$500,000.

Legislator Burto stated that there are ongoing committee discussions concerning the airport. He stated that the relief from the County for the airport would begin January 2005.

Mayor Graham asked if the proposal is to begin compensating the City in January 2005 for the airport at approximately \$45,000 a month.

Legislator Burto responded that the City and County will mutually agree upon a budget and capital improvements during negotiations. Capital improvements will have to go through the County for approval, even if the City still maintained ownership.

Councilman Clough asked if the proposal was set in stone.

Legislator Burto responded that the percentages are set in stone.

Councilman Clough referred to the state and federal proposals for Medicaid relief and asked what would happen if \$5 million in relief comes through.

Legislator Burto responded that the \$10.4 million is for 2005. He stated that the County's fund balance shows that they are not trying to pad anything.

Councilwoman Burns commented that people prefer the increase in sales tax as the burden of sales tax can be shared with outsiders. It is also not the County's intention to take on new projects.

Legislator Reed remarked that Councilwoman Burns makes a good point. He also commented that the Legislature is always pushing administration to be the most cost effective as they can be.

Chairman Thomas responded that everyone is in support of trimming government spending, but no one supports cutting major services. He referred to privatization attempts and the law suits that CSEA has instituted as a result.

Legislator Burto remarked that he was dissatisfied with the Watertown Daily times and felt that they owed Mr. Hagemann an apology. He stated that it was never the County's intention to use sales tax to build everything on the "wish list".

Councilman LaBouf commented that the County Legislature has to make the sales tax decision. He stated that he agreed with Councilwoman Burns. However, he would like to slow the process down. He remarked that relief will most likely come down for these government programs and we can't deal with them until we know what the true numbers are. This is the first time that Council and the Legislature have had an opportunity to sit down together and talk. He remarked that the Chamber and the Times have come out against this and he wondered why if it is supposedly such a great idea.

Chairman Thomas explained that the County has to get this in place and can't sit still and not do something.

Legislator Blankenbush explained that the resolution only sends the request to the State. The State then gives the County permission to increase the sales tax at some point. This would give the County time to get the information to the State while they are waiting for the State to come out with a relief package.

Legislator Reed responded that the Chamber didn't even have a copy of the budget before coming out against it.

Legislator St. Croix remarked that come budget time, if the County doesn't have the option for a sales tax increase, it will be property tax increases or cuts in services.

Mayor Graham responded that it is a County sales tax and the County doesn't need the assent of anybody. The City doesn't have a role in it. The City's role is in distribution and an interest in a 40-year tradition to help offset the property taxes in municipalities. He stated that it is not up to him as to what the County Legislature chooses to do. The Council has nothing to vote on. The Council has listened and will take this under advisement.

Vice-Chairman Boice remarked that Mayor Graham is correct. There is nothing to negotiate. The County is looking for City support on this issue. Mr. Boice also commented that this whole thing is nothing but a Band-Aid and the unfounded mandates are the real culprits. He explained that over the past 5 years, programs have been cut to fund Medicaid. He also commented that \$24.4 million in Medicaid costs has been placed on the County taxpayers. He questioned why it isn't funded by income tax. He cautioned everyone that we must look at the long-range budgets.

Councilman LaBouf remarked that he feels there would be benefits to having a lower sales tax than other counties around us.

Councilman Bradley commented that if you look at total sales figures for all these years, they go up and down. No one has worked on marketing in an effort to get the sales numbers up, thus increasing sales tax revenues. He stated that there is a need to set up a marketing program with the County and City working together.

Councilwoman Burns concurred with Councilman Bradley's remarks. However, she commented that there are lots of funds directed to economic development agencies and they should be doing that kind of marketing, not just industrial. She also commented that these funds make up a large amount of the County's budget. Questions pertaining to marketing the retail businesses should be asked of these agencies.

Councilman Bradley stated that he agreed. He commented that hometown businesses have asked these agencies for help and have not received any. The agencies are concentrating on the Selectrons, etc.

Councilman Clough commented that three years ago City Council was looking at a 27% increase. However, they went with a 12% increase. The City is facing the same problems with the pension program and needs to look at it long term.

Mayor Graham responded to earlier comments about the Chamber and the Times not agreeing with the proposal. He stated that to think everyone will approve is naïve. It is public policy and not everyone shares the Legislature's vision. When someone says that sales tax is not a good idea, the County says it's because they are ill informed. He stated that it is his job to advocate for Watertown. The opportunity was not given this morning, but may be in the future.

Legislator Fitzpatrick responded that she is a City representative on the County Legislature. She represents City residents, who are also part of the County. She stated that Medicaid monies do go into the City to help citizens of the City. She stated that the wish list had nothing to do with the sales tax increase.

Supervisor Buckley thanked Ms. Fitzpatrick for her comments and stated that there is no wedge between the County and the Towns. It's a County problem. There has to be a sales tax increase, which will help the City and the Towns. He remarked that if the County gets relief, he would hope that they would relieve the property tax. He also commented

that not only did the City residents see a 12% tax increase, the City also had a reassessment, which raised property taxes even more. He remarked that if property tax were lowered across the board, it would help everybody.

Councilwoman Burns remarked that the sales tax issue is clearly the County's decision. She expressed her appreciation for the opportunity to have input.

Councilman LaBouf commented that he had questions as to whether this increase would help maintain current business; if it would attract new business; would it retain residents and would it attract new residents?

Legislator Burto responded that 80% of the counties in the State have sales tax that is 8% or higher.

Councilman LaBouf remarked that just because other have it, doesn't mean that we have to follow.

Legislator St. Croix commented that it is not all gloom and doom. The new Ft. Drum housing construction should help our economy greatly.

Vice-Chairman Boice thanked everyone for attending and stated that he felt the discussion had been productive.

Meeting adjourned at 9:00 a.m.

Donna M. Dutton

City Clerk